

**Final Report on the Implementation of the
FY 1987 National Defense Authorization Act
Section 1207, Contract Goal
for Minorities**

Fiscal Year 1987

**Prepared by: Office of the Under
Secretary of Defense
(Acquisition)
Office of Small and
Disadvantaged Business
Utilization**

Date: 9 Oct 1987

#429

EXECUTIVE SUMMARY

This report covers the fiscal year 1987 progress of the Department of Defense (DoD) towards the achievement of the five percent goal for awards to small disadvantaged businesses (SDB), historically Black colleges and universities (HBCU) and other minority institutions (MI) mandated by section 1207 of P.L. 99-661. P.L. 99-661 establishes as an objective for the DoD a five percent goal for contracts and subcontracts entered into with these entities. According to the law, the five percent goal applies to the combined total of the amounts obligated for contracts in the areas of procurement, research and development, test and evaluation, military construction; and operations and maintenance. The data provided in this report covers 11 months for prime contract awards and nine months for subcontract awards. Complete fiscal year 1987 data will not be available until some time in December, 1987.

Pursuant to P.L. 95-507, DoD captures SDB awards using two data bases, one for prime contract awards and one for subcontract awards. Using this method, during the first 11 months of FY 1987 of the \$110 billion in prime contract awards to U.S. business concerns, DoD awarded \$2.5 billion or 2.3% to SDBs. Subcontract award data is collected on a quarterly basis. As of the third quarter in FY 1987, SDBs received \$715.6 million or 1.9% of the \$37 billion of subcontracts awarded by large business concerns. Using the single data base prescribed in section 1207, i.e. total funds obligated for contracts awarded in the designated areas, the combined total of contracts and subcontracts awarded to SDBs through 11 months of FY 1987 was \$3.2 billion or 3% of total DoD contract awards to U.S. businesses. Awards to HBCUs and MIs amounted to \$14.37 million or 1.2% of total contract awards to higher educational institutions.

IMPLEMENTATION

Small Disadvantaged Business Set-Aside Program

On May 4, 1987 the Department of Defense published in the Federal Register interim regulations establishing the SDB set-aside program. Under these procedures, a contracting officer is authorized to reserve a requirement for exclusive competition among SDBs if there is a reasonable expectation that two or more SDBs, offering the product or service of a SDB, have the capability to perform and the award price will not exceed ten percent of the fair market price. These procedures became effective for all solicitations for requirements over \$25,000 issued on or after June 1, 1987. The interim regulation also provides guidance concerning eligibility criteria; SDB set-aside reservation and sources sought notices; withdrawal of SDB set-aside reservations; data collection and reporting requirements; protest procedures and contracting with the Small Business Administration Section 8(a) Program.

1. Eligibility Criteria

The law specifically states that concerns eligible for participation in the five percent goal program are "small business concerns, including mass media, owned and controlled by socially and economically disadvantaged individuals (as defined by Section 8(d) of the Small Business Act... and regulations issued under such section." Pursuant to the SBA definition, socially disadvantaged individuals means "individuals who have been subjected to racial or ethnic prejudice or cultural bias because of their identity as a member of a group without regard to their qualities as individuals." Economically disadvantaged individuals are defined as "socially disadvantaged individuals whose ability to compete in the free enterprise system is impaired due to diminished opportunities to obtain capital and credit as compared to others in the same line of business who are

not socially disadvantaged." Eligibility for participation in the DoD five percent program is therefore restricted to firms that meet the foregoing criteria as well as the applicable SBA size standard. Firms interested in participating in the program are required to self-certify as SDBs.

2. SDB Set-Aside Reservation and Sources Sought Notices

All SDB set-aside reservations will be advertised in the Commerce Business Daily (CBD) as a "notice of total SDB set-aside." The CBD notice will state that the requirement is 100% reserved for SDBs and that offers from other than SDBs will not be considered. The contracting officer has the unilateral authority to reserve requirements for the SDB set-aside program. A decision to reserve a requirement for SDB competition will be based upon on available information from bidders lists, previous procurement history, and information from small business specialists. If information on the availability of two or more SDBs does not exist, the contracting officer is authorized to place a "sources sought" notice in the CBD indicating that the proposed acquisition will be considered for SDB reservation if adequate interest is received from the SDB community. A "sources sought" notice will indicate the basis for continuing the acquisition (i.e. unrestricted or small business set-aside) if adequate interest is not received from the SDB community.

3. Withdrawal of Set-Aside SDB Reservation

A requirement advertised in the CBD as a 100% total SDB set-aside will be withdrawn if the following occurs: the identified SDBs do not offer the product or service of a SDB, or the anticipated award price exceeds ten percent of the fair market price.

4. Data Collection and Reporting Requirements

The law requires the collection of data not previously captured on awards made to SDBs. Substantial modifications are being made to the DoD data reporting system to collect the required information. Some of the data will be collected on the

DD form 350 filed for all contract actions in excess of \$25,000. The remaining data will be collected on a newly devised form.

5. Protest Procedures

In an effort to minimize "front company" activity, the interim regulations establish protest procedures applicable to the SDB set-aside program whereby any interested party (as defined by the Competition in Contracting Act) can challenge the size or disadvantaged status of an SDB offeror. Challenges to size status will be processed in accordance with existing procurement regulations. The interim regulations require that challenges to the disadvantaged status of an offeror be made to the contracting officer who will then refer it to the appropriate District Office of the SBA for resolution.

6. Contracting with the SBA Section 8(a) Program

Awards made pursuant to the 8(a) program will be credited towards the achievement of the five percent goal. The interim regulations require contracting officers to actively identify contracts for award under the 8(a) program and to support the program to the greatest extent possible. Initially, there was concern that requirements were being withdrawn from the 8(a) program and placed under the SDB set-aside program. In order to clarify the relationship between the two programs, DoD issued a policy establishing an order of precedence for the 8(a) program in instances where requests have been made for 8(a) program support (Exhibit A). Also, the policy reiterates that requirements committed to the 8(a) program are to remain in the program.

Proposed Regulations

The May 4, 1987 Federal Register notice contained a notice of intent to develop alternative procedures to facilitate the achievement of the five percent goal. The first proposal would provide the authority to negotiate a sole source contract with a SDB in circumstances where only one responsible SDB has been identified. The exercise of this authority would be contingent upon the inability to satisfy the SDB set-aside criteria. The

second proposal would authorize the application of a ten percent premium for SDB concerns under certain sealed bid competitive acquisitions. Under this procedure an award would be made to a responsible SDB if their bid is within ten percent of the otherwise low offeror. Both procedures would be utilized only in instances where necessary to achieve the five percent goal. The formulation of more specific criteria for the use of these procedures will depend, to a great extent, on the level of support generated by the public comment period.

Subcontracting Program

Although the Military Services have been assigned a five percent subcontracting goal for SDBs, the interim regulations concerning SDB set-asides and the authority to pay up to a ten percent premium apply only to DoD prime contract awards. During deliberations on how to implement section 1207, it was decided not to flow down to the prime contractors the authority to restrict competition at the subcontractor level to SDBs or allow the payment of the ten percent premium. We believed it wise to generate at least one year of experience with the new procedures in order to have a better idea of the administrative and cost impact. Also, the assignment of a five percent goal to every prime contract appears problematic as it could, in certain cases, contradict P.L. 95-507 which requires the submission of plans on a contract-by-contract basis reflecting the "maximum practicable opportunity" for subcontracting with SDBs. The DoD is continuing to review ways to encourage prime contractors to increase SDB participation as subcontractors without the need for unnecessary regulation of the private sector.

The Deputy Secretary's policy memorandum on the five percent goal required the Military Services to fund at least one pilot project with a major DoD prime contractor, which will ensure the involvement of SDBs in a major weapon system or major defense project. In accordance with this objective, the Air Force has initiated a project with McDonnell Douglas Corporation and the Navy is in the process of developing three subcontracting pilot programs within the Naval Air Systems Command, the Naval Sea Systems Command and the Space and Naval Warfare Systems Command.

The Army is reviewing various programs on which to conduct a pilot project.

Technical Assistance Program

The law requires the Department of Defense to provide technical assistance to SDB concerns to include information about the five percent goal, advice about procurement procedures, instruction in the preparation of proposals, and other appropriate assistance. In addition to the assistance available from approximately 600 full and part-time DoD small business specialists, contracts to provide technical assistance to SDBs will be awarded to minority private sector entities. There are three aspects to our technical assistance program: 1) To design and conduct a series of conferences which will provide appropriate information to SDBs to promote their participation in DoD contracting; 2) To provide the necessary services as may be required to review, analyze, evaluate and advise on the capabilities and capacity of individual SDBs to perform DoD requirements; and 3) To conduct a study of data compiled from the DoD Management Information System on defense procurements as well as the practical application of procurement procedures by procurement personnel, to identify impediments, barriers, or restrictive procedures which unduly limit the participation of SDBs in defense procurements.

A solicitation containing all three requirements was issued on April 18, 1987. The initial closing date was May 18, 1987, however, due to many technical questions raised by the offerors, it was extended until July 9, 1987. Over 200 proposals were received in response to the solicitation. The evaluation process is currently underway and awards are anticipated in early FY 1988.

Historically Black Colleges and Universities and Minority Institutions Program

The policy and procedures for the implementation of the provisions of section 1207 pertaining to HBCUs and MIs were issued by the Deputy Secretary on June 16, 1987 and have been distributed to the Military Departments and Defense Agencies for

implementation (Exhibit B). The policy states that DoD will maximize the number of HBCUs and MIs in DoD sponsored programs and among other things authorizes the use of less than full and open competition to achieve the five percent objective. The requisite regulatory changes have been developed and are under consideration by the Defense Acquisition Regulatory Council. Although the regulations are pending, heads of contracting activities, contracting officers and program managers are currently implementing the objectives established under the DoD annual plan for HBCUs and MIs in accordance with Executive Order 12320. The plan is designed to increase participation of HBCUs and MIs in DoD funded programs for higher education in the following areas: research and development, facilities and equipment, special training programs, fellowships and traineeships for faculty members, student tuition, scholarships and other aid, and Reserve Officer Training Corps (ROTC).

In furtherance of the commitment to increase DoD efforts in the area of HBCUs, on August 28, 1987 the Secretary of Defense issued a memorandum to the heads of Military Departments (Exhibit C) directing them to:

- Review all programs to determine where more extensive involvement with HBCUs would aid in mission fulfillment, and could lead to permanent improvement in the quality of education at these institutions.
- Identify ways to forge long-term links between specific institutions and DoD prime contractors.
- Strive to increase the level of funding for higher education to HBCUs.

The memorandum also requires the Military Departments to submit periodic reports on their progress towards achieving the stated objectives.

The ability to identify the capabilities of HBCUs and MIs and match those capabilities with DoD requirements is a major objective of the DoD HBCU Program. Accordingly, we have awarded a \$550,000 grant to the National Association of Equal Opportunity in Higher Education (NAFEO) to conduct a coordinated technical

assistance effort to increase the participation of HBCUs and MIs in DoD programs. Under this grant NAFEO will: provide a report on the capabilities of HBCUs, assist in the identification of DoD opportunities for HBCUs, facilitate alliances with HBCUs and DoD prime contractors, organize conferences and seminars and assist DoD in identifying barriers to the participation of HBCUs in DoD programs. The United Negro College Fund (UNCF) will be a major subcontractor for this effort. A list of special projects awarded to HBCUs during FY 1987 is at Exhibit D.

PROGRESS TOWARDS THE FIVE PERCENT GOAL

A report on progress towards the five percent goal during the first 11 months of FY 87 is reflected in the chart provided at Exhibit E. A summary is as follows:

- Prime contracts valued at \$110 billion was awarded to U.S. business firms. Of this total \$2.5 billion was awarded to SDBs. These awards represent 2.3% of the total awards to U.S. business firms, compared with the mandated goal of five percent. This percent exceeds the 2.1% accomplishment for the same period of time in FY 1986.

- Prime contractors placed subcontracts valued at \$37 billion during the period. Of this total, \$715.6 million was awarded to SDBs. This represents 1.9% as compared with a five percent subcontract goal. This percent exceeds the 1.8% accomplishment for the same period of time in FY 1986 (Exhibit F).

- Since the effective date of the SDB set-aside program seven contracts were awarded as a result of these procedures at a total value of \$2.23 million. Also, \$168,000 in premiums were paid in order to award the seven contracts using less than full and open competition.

- All of the contracts awarded to SDBs using less than full and open competition under the new procedures would otherwise have been awarded under small business set-asides.

- There are no statistics at this time to identify awards by ethnic groups, as prescribed by the law. This data will be captured beginning in Fiscal Year 1988.

- Prime contracts valued at \$1.2 billion were awarded to Higher Educational Institutions (HEI). Of this total \$14.37 million were awarded to HBCUs and MIs. These awards represent 1.2% of the total awards to HEIs.

- There were no reported instances where SDBs, HBCUs, and MIs failed to perform the contract.

IMPACT ON SMALL NON DISADVANTAGED BUSINESSES

A preliminary review of the awards made under the SDB set-aside program does not reveal a substantial impact on non SDBs, primarily because the SDB set-aside program has only been in effect since June 1, 1987. The most recent data indicates that seven awards totalling \$2.23 million dollars have been made under the new procedures. There are however, a number of acquisitions that have been advertised as SDB set-aside reservations but have not yet been awarded. There is, of course, the potential for an impact on the non disadvantaged small business community since the opportunity market for the small business set-aside program and the SDB set-aside program is the same. The extent of the impact, however, cannot be determined until at least one full-year of experience with the new procedures has been evaluated.

CONCLUSION

The DoD plan for implementation of section 1207 received overwhelming support from the minority business community. Approximately 600 comments were received as a result of the public comment period which ended on August 3, 1987. The vast majority of the comments recommended adoption of the interim and proposed regulations and many provided constructive comments on ways to strengthen them. On the other hand, approximately 100 comments were received from the non minority business community in strong opposition to the adoption of the regulations. Many

contended that DoD exceeded its authority by implementing new procedures that are injurious to the non disadvantaged business community, particularly the small business community. Firms in the construction industry presented a number of opposing views and specifically recommended that the area of military construction be exempted from the procedures implementing the five percent goal since SDBs are currently receiving over five percent of the awards in this industry.

There is no question that the interim regulation provides a preference and a competitive advantage for SDBs in the DoD marketplace. These procedures reflect a recognition that if DoD is to come close to the achievement of the five percent goal, then it will require the utilization of procedures beyond the traditional contracting procedures i.e. unrestricted competition, small business set-asides and the 8(a) program. We therefore interpreted the authority to use "less than full and open competitive procedures" as authority to restrict bidding to only disadvantaged businesses. We have structured the broadest set-aside possible, patterned after our very successful small business set-aside procedures. The success of the program depends on known SDB capability to perform DoD requirements and the ability of these firms to finance increased opportunities. We are confident that through our aggressive technical assistance program we will identify additional SDB sources. However, there remains a legitimate concern relating to the ability of SDBs to access credit, capital and bonding which cannot be addressed by the DoD implementation of the five percent goal. A number of comments indicated that the law should further address this issue.

The regulatory requirements implementing section 1207 represent the most significant departure from traditional contracting procedures in recent years. Contracting officials are faced with the challenge of incorporating these requirements into existing statutory and regulatory procedures and are responsible for balancing the objectives of this program with those prescribed by other federally mandated programs such as, the small business set-aside program, the 8(a) program, the Federal Prisons Program, and programs for the blind and severely handicapped, all of which play a vital role in maintaining the

DoD industrial base. As with any new acquisition program, time is needed for the new procedures to take effect at all levels of contracting activity, especially within a procurement system as massive and decentralized as the DoD.



ASSISTANT SECRETARY OF DEFENSE
WASHINGTON, D.C. 20301-8000

SEP 25 1987

PRODUCTION AND
LOGISTICS

MEMORANDUM FOR ASSISTANT SECRETARY OF THE ARMY
(RESEARCH, DEVELOPMENT AND ACQUISITION)
ASSISTANT SECRETARY OF THE NAVY
(SHIPBUILDING AND LOGISTICS)
ASSISTANT SECRETARY OF THE AIR FORCE
(ACQUISITION)

SUBJECT: 8(a) Program Support and Small Disadvantaged
Business (SDB) Set-Asides

We have been made aware of a developing practice where field activities are using the newly authorized DFARS 19.502-72, small disadvantaged business set-aside procedures, to the detriment of the Section 8(a) Program support. As a matter of Department policy, requirements currently in the 8(a) Program are to remain in the 8(a) Program if a responsible 8(a) firm is available to perform the requirement. It is, of course, axiomatic that both 8(a) and SDB awards are creditable toward the five percent goal. If, after consultation with the Small Business Administration, a determination is made that there is no responsible 8(a) firm available, the requirement should be considered for award under the Small Disadvantaged Business Set-Aside Program. Other requirements requested for the 8(a) Program are to be evaluated and a decision made in accordance with FAR 19.804, prior to consideration of the requirement for the Small Disadvantaged Business Set-Aside Program.

The objectives of the 8(a) Program can only be realized through our continued strong support. Your assistance is requested in ensuring that acquisition decisions are in consonance with DoD policy and Congressional intent.


ROBERT B. COSTELLO



ASSISTANT SECRETARY OF DEFENSE
WASHINGTON, D.C. 20301-6000

PRODUCTION AND
LOGISTICS


OCT 1 1987

MEMORANDUM FOR DIRECTORS OF THE DEFENSE AGENCIES

SUBJECT: 8(a) Program Support and Small Disadvantaged
Business (SDB) Set-Asides

We have been made aware of a developing practice where field activities are using the newly authorized DFARS 19.502-72, small disadvantaged business set-aside procedures, to the detriment of the Section 8(a) Program support. As a matter of Department policy, requirements currently in the 8(a) Program are to remain in the 8(a) Program if a responsible 8(a) firm is available to perform the requirement. It is, of course, axiomatic that both 8(a) and SDB awards are creditable toward the five percent goal. If, after consultation with the Small Business Administration, a determination is made that there is no responsible 8(a) firm available, the requirement should be considered for award under the Small Disadvantaged Business Set-Aside Program. Other requirements requested for the 8(a) Program are to be evaluated and a decision made in accordance with FAR 19.804, prior to consideration of the requirement for the Small Disadvantaged Business Set-Aside Program.

The objectives of the 8(a) Program can only be realized through our continued strong support. Your assistance is requested in ensuring that acquisition decisions are in consonance with DoD policy and Congressional intent.


Robert B. Costello



THE DEPUTY SECRETARY OF DEFENSE

WASHINGTON, D.C. 20301

16 JUN 1987

MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
DIRECTORS OF THE DEFENSE AGENCIES

SUBJECT: FY 1987 National Defense Authorization Act, Minority
Institutions

The Congress, in Section 1207 of the 1987 National Defense Authorization Act, Public Law 99-661, assigned to the Department of Defense a goal of five percent for contract awards to small disadvantaged businesses, historically Black colleges and universities (HBCU), and minority institutions (MI) as defined by the Secretary of Education pursuant to the General Education Provisions Act (20 U.S.C. 1221). Section 1207 also provides certain authority that may be exercised, if necessary, to attain the goal.

Although our HBCU program has enjoyed some success, I believe we have not reached our potential in supporting the minority educational institutions. As was stated in the DoD policy memorandum of July 31, 1986, I remain firmly convinced that the Department can and should do more to increase the participation of these institutions in Defense programs.

The policies and procedures for the small disadvantaged business portion of the goal were transmitted to you by my memorandum of March 18, 1987. Program policies and procedures for HBCUs and MIs outlined in the attachment shall also be given high priority and published promptly in the DoD Federal Acquisition Regulation Supplement. The goals and objectives of Section 1207 require your maximum and immediate attention to use aggressively the available statutory authority, including that provided by Section 1207, to achieve the five-percent goal.

Mrs. Norma Leftwich, Director of the DoD Office of Small and Disadvantaged Business Utilization, is responsible for implementing this program and will be reviewing our progress and providing the necessary reports to the Congress.

I am personally committed to this effort, and I know I can count on your support.

William H. Taft, IV

Attachment
As Stated

10432

1. Policy

a. It is the policy of the Department of Defense (DoD), to the extent practicable, to maximize the number of Historically Black Colleges and Universities (HBCUs) and Minority Institutions (MIs), as defined by the Secretary of Education pursuant to the General Education Provisions Act (20 U.S.C. 1221), participating in DoD-sponsored programs.

b. Executive Order 12320, Historically Black Colleges and Universities, provides for initiatives to increase participation of HBCUs in federally sponsored programs. DoD has taken a number of initiatives to further these objectives. However, HBCU participation in DoD-sponsored programs has not reached full potential. The HBCU program must be supported more vigorously.

c. DoD will provide technical assistance to HBCUs and MIs as prescribed in the 1987 National Defense Authorization Act, P.L. 99-661.

2. Responsibilities

a. The DoD Director for Small and Disadvantaged Business Utilization shall:

(1) Implement the policies and procedures herein and review progress towards the five-percent goal established by P.L. 99-661.

(2) Develop a technical assistance program to provide the necessary assistance, within the scope of section 1207(c), to institutions participating in DoD procurement programs.

(3) Compile the data necessary to provide required reports to the Congress.

b. The Director of the Defense Logistics Agency (DLA) shall task the Administrator of the Defense Technical Information Center (DTIC) to:

(1) Develop and carry out a special scientific and technical information (STINFO) transfer assistance program tailored to the needs of scientists and engineers at the HBCUs and MIs.

(2) Work closely with DoD HBCU and MI program representatives in making every effort to identify scientists and engineers with STINFO needs at HBCUs and MIs.

c. Heads of Contracting Activities shall:

Effectively implement stated policies and procedures to achieve the five-percent goal, an objective prescribed by the Congress in section 1207 of Public Law 99-661, and develop initiatives and take the necessary actions to increase contract awards to HBCUs and MIs to the level necessary to attain the goal.

d. Procuring Contracting Officers (PCO) shall:

(1) Work closely with DoD HBCU and MI program representatives in making every effort to identify HBCU and MI sources before issuing solicitations for procurements for research and studies which are normally procured from Higher Education Institutions (HEIs).

(2) Undertake initiatives to achieve maximum consideration of HBCUs and MIs for participation at the subcontracting level in projects awarded to HEIs and other prime contractors, with a view toward increasing their involvement in major weapon systems on major defense projects during the research and development phases of the acquisition cycle.

e. Program Managers shall:

Work closely with DoD HBCU and MI representatives to ensure that every interested HBCU and MI is given every opportunity to present its capabilities for consideration for requirements that are normally procured from HEIs.

f. HBCU and MI Representatives shall:

(1) Aggressively pursue their roles as advocates for HBCUs and MIs and develop outreach programs to identify capable HBCUs and MIs. This program will also require the use of the skills and experience of other DoD technical, research and development, and acquisition personnel.

(2) Work closely with the PCOs in carrying out this program.

(3) Represent DoD on all matters regarding section 1207 of P.L. 99-661 as it pertains to HBCUs and MIs.

3. Procedures

a. In implementing the authority to award contracts using other than full and open competition, the following approaches shall be considered:

(1) Use to the maximum extent possible the authority provided in Section 1207 (e)(3) in placing contracts with HBCUs and MIs, with particular emphasis on research, development, test, and evaluation (RDT&E).

(2) In using other than full and open competition for RDT&E awards, there must also be a reasonable expectation of obtaining from HBCUs and MIs the best scientific and technological sources consistent with the demands of the proposed acquisition for the best mix of cost, performance, and schedules.

b. Providing Advance Payments:

Advance payments under 10 U.S.C. 2307, as referenced by section 1207, will be reviewed on a case-by-case basis.

4. Technical Assistance

The Congress has authorized DoD to provide technical assistance services to HBCUs and MIs. This is an essential and important aspect of our overall program. These services will be provided by in-house technical experts and through contracts placed with minority private-sector entities.

5. Reporting

Section 1207 of Public Law 99-661 requires semiannual reporting to the Congress of our progress to attain the five-percent goal.

6. Effective Dates

The contracting policies and procedures prescribed herein shall be given high priority and will be published promptly in the DoD FAR supplement. The provision in section 1207(c) involving technical assistance shall be implemented immediately.



THE SECRETARY OF DEFENSE
WASHINGTON, THE DISTRICT OF COLUMBIA

21 Aug 87
(4)
USA
28 AUG 1987

MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
DIRECTORS OF DEFENSE AGENCIES

SUBJECT: Increase Opportunities for Historically Black
Colleges and Universities (HBCU)

On July 24, 1987, President Reagan issued a memorandum which directed the heads of all federal agencies to make a personal effort to find creative ways to increase opportunities for HBCUs to participate in their programs, and to make sure that agency officials understand the high priority the President personally places on this initiative.

It is the Department of Defense (DoD) policy to support fully the efforts of the President to improve educational opportunities for all Americans, and particularly for the poor and minorities, through increased participation in DoD funded programs.

Our DoD HBCU Committee, headed by the Director of Small and Disadvantaged Business Utilization, Ms. Norma Leftwich, has developed the attached plan of action to increase participation of HBCUs in DoD funded programs. I urge each of you to use this plan for a base as you explore the following activities and provide the results of your exploration to me by September 30, 1987:

- * Review all department/agency programs for areas where more extensive involvement with HBCU would aid your department/agency in fulfillment of its mission, and could lead to permanent improvement in the quality of education at HBCUs.
- * Identify ways to forge long-term links between specific schools and DoD prime contractors.
- * Strive to increase the level of department/agency funding for higher education allocated to HBCUs.

I am personally committed to this effort, and I know I can count on your support.

Frank B. Rowland

Attachment

15117

SUMMARY OF HBCU START-UP FUND

TOTAL DOLLARS

\$4,090,000

Army Dollars

\$1,325,000

Funded consortium of
Hampton, Tuskegee and
Norfolk State
(Ada Computer Language)

1,250,000

Allocated for technical
assistance contract

125,000

Total Committed Dollars

\$1,325,000

Navy Dollars

\$1,700,000

Funded Projects:

Prairie View A&M
(Study Officer Attrition)

200,000

Atlanta University
(Biomedical Research)

400,000

North Carolina A&T
(Composite Materials Research)

500,000

Jackson State
(MOU - Research Program)

300,000

Allocated for technical
assistance contract

300,000

Total Committed Dollars

\$1,700,000

Air Force Dollars

\$1,115,000

Funded Huston-Tillotson
College - Study on Minorities
and Women in Science and
Engineering Careers

990,000

Allocated for technical
assistance contract

125,000

Total Committed Dollars

\$1,115,000

**FUNDING TO HBCUs REPORTED FOR FIRST NINE
MONTHS FY 1987**

Research, Development Test & Evaluation (RDT&E)		\$3,692,093
Army	\$ 795,293	
Navy	2,770,800	
Air Force	126,000	
Training		2,460,474
Army	2,446,071	
DLA	14,403	
Equipment		131,785
Army	129,000	
Defense Mapping Agency (DMA)	2,785	
Fellowships		106,000
Navy	106,000	
Traineeships		1,152
DMA	1,152	
Recruitment		42,815
Army	16,948	
Navy	3,254	
DLA	18,585	
DMA	4,028	
IPAs		3,822,000
Army	3,822,000	
Student Tuition		19,453
Navy	14,435	
DLA	4,236	
DMA	782	
Total		10,275,772

SMALL DISADVANTAGED BUSINESS
AWARDS
ELEVEN MONTHS COMPARATIVE PERFORMANCE

		TOTAL AWARDS	8A	DIRECT	TOTAL	%
ARMY	FY 1986	\$25,714	\$583.3	\$275.4	\$858.7	3.3%
	FY 1987	\$26,327	\$705.4	\$274.0	\$979.4	3.7%
NAVY	FY 1986	\$37,115	\$459.3	\$168.4	\$627.7	1.7%
	FY 1987	\$39,206	\$441.8	\$223.8	\$665.6	1.7%
AIR FORCE	FY 1986	\$36,401	\$339.5	\$142.0	\$481.5	1.3%
	FY 1987	\$34,839	\$387.1	\$147.6	\$534.7	1.5%
DLA	FY 1986	\$11,645	\$96.3	\$256.7	\$353.0	3.0%
	FY 1987	\$7,131	\$80.2	\$191.5	\$271.7	3.8%
ODA	FY 1986	\$2,579	\$16.4	\$6.0	\$22.4	0.9%
	FY 1987	\$2,750	\$31.2	\$9.5	\$40.7	1.5%
DOD	FY 1986	\$113,454	\$1,494.8	\$848.5	\$2,343.3	2.1%
	FY 1987	\$110,253	\$1,645.7	\$846.4	\$2,492.1	2.3%

SMALL DISADVANTAGED BUSINESS SUBCONTRACT
NINE MONTHS COMPARATIVE PERFORMANCE

		TOTAL AWARDS	SDB AWARDS	%	FY 87 GOAL
ARMY	FY 1986	\$1,042	\$39.6	3.8%	5.0%
	FY 1987	\$1,286	\$51.2	4.0%	
NAVY	FY 1986	\$6,396	\$104.0	1.6%	5.0%
	FY 1987	\$6,914	\$101.7	1.5%	
AIR FORCE	FY 1986	\$12,877	\$213.4	1.7%	5.0%
	FY 1987	\$10,962	\$201.0	1.8%	
DLA	FY 1986	\$17,732	\$334.1	1.9%	5.0%
	FY 1987	\$18,543	\$361.7	2.0%	
DOD	FY 1986	\$38,047	\$691.1	1.8%	5.0%
	FY 1987	\$37,705	\$715.6	1.9%	